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TRADEMARK LAW REVISION ACT: IMPORTANT CHANGES IN FEDERAL TRADEMARK LAW

by
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On October 19, a compromise version of the Trademark Law Revision Act (S.1883, DeConcini) passed the House of Representatives. It has now been approved by the Senate and it is expected that the President will sign it. This bill, which will become effective one year after the date on which it is signed, will make significant changes in United States trademark law.

INTENT TO USE

One of the most significant changes in the law is its "intent-to-use" provisions. Under the current United States law, one cannot register a trademark or service mark until after the mark is used in commerce. Rights in a trademark are deemed to arise from use, not registration. This system has created great problems for American businessmen. Often, after receiving preliminary clearance of a mark from an attorney, there is a delay before the mark is actually used. Sometimes, during this delay, a third party begins use of the mark, thereby usurping rights in the mark.

The new bill remedies this problem with an intent-to-use system. An applicant is now able to register a trademark based on its bona fide intention to use the mark in commerce. When an application is filed, the Patent and Trademark Office (PTO) examines the application. Once the mark clears the opposition process, a notice of allowance is issued. The applicant then has six months to use the mark and to submit evidence of that use to the PTO. Thus, a trademark can pre-cleared, not only by an attorney doing a search, but also with regard to oppositions by third parties who may not like a client's selection of a particular mark.

The six-month period can be extended up to an additional twenty-four months, six months at a time, on a showing of good cause and affidavits stating applicant's continued bona fide intention to use the mark in commerce. The PTO will be issuing regulations setting forth guidelines to determine what constitutes good cause.

Once the mark is used and registered, the registrant will obtain nationwide, "constructive use" priority. This priority dates back to the date of the application for registration. This priority is effective against all persons except those who: (i) obtained an "earlier effective filing date" by applying to register the mark; and (ii) prior users.

This change in the law is clearly a significant improvement. It will help bring certainty to the selection of trademarks by United States trademark users.

REMOVAL OF DEAD WOOD

Another significant change in the law is removal of "dead wood" registrations. For any trademark registration issued or renewed after the effective date of the legislation, the term of registration and renewal will be ten years, rather than the current twenty years.

Furthermore, it will be more difficult to maintain a registration under the provisions of Section 8 (17 U.S.C. ⁰⁰₁₅ 1058). Currently, to maintain a registration in force beyond six years, it is necessary to file an affidavit showing that the mark is in use in commerce. These requirements have been tightened. It will now be necessary to state that the mark is in use in connection with all the goods or services for which the mark is registered. Moreover,

evidence of that use will have to be submitted.

"Token use" will not be sufficient. The required "use in commerce" is now defined as being "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve rights to the mark . . ."

CLARIFICATION OF SECTION 43(a)

Section 43(a) (17 U.S.C. §1125(a)) has been rewritten to reflect the current state of the law. As rewritten, Section 43(a) will include an express provision making misrepresentations about another's products an actionable wrong. The section as amended will read:

"(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term name, symbol, or device, or any combination thereof, or any false designation, or origin, false or misleading description of fact, which:

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

Of significance is the lack of any consumer standing in the statute. There was an attempt in the House of Representatives to provide consumer standing under Section 43(a). The final compromise bill does not include this.

The new bill also contains provisions regarding remedies available under Section 43(a). Section 43(a) presently has no explicit monetary remedies, although most courts that considered the issue have held that monetary relief is available. The remedy sections of the Lanham Act, namely sections 34, 35, and 36, are amended under the law so that the remedies of these sections will be expressly available for a Section 43(a) action.

OTHER CHANGES

The new law also makes many substantive and technical changes to the Trademark Act. Among these changes are the following:

1. Use by a licensee of a mark is for the benefit of the applicant or registrant.
2. The Trademark Trial and Appeals Board can modify applications or registrations to correct ownership rights or to limit the identification of goods and services in proceedings before it.
3. The one-year use requirement to obtain registration on the Supplemental Register is eliminated. The Supplemental Register is for those terms which may eventually become trademarks, i.e., terms which have not yet acquired distinctiveness. The new law makes it clear that an applicant, by accepting registration on the Supplemental Register, is not deemed to have admitted that the mark has not acquired distinctiveness.
4. The new law clarifies the defenses available in cases involving incontestible marks. Under Section 15 (17 U.S.C. §1065) certain marks can become incontestible if the registrant has five years of exclusive and continuous use. The new law makes it clear that equitable defenses are available in actions involving incontestible marks, and that owners of incontestible registrations still need to prove infringement.

CONCLUSION

The new law significantly updates and clarifies United States trademark law. It makes it much easier for businessmen to choose trademark and service marks, and to protect their rights.

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